



Technical Note
Gross Domestic Product
Second Quarter of 2011 (Third Estimate)
September 29, 2011

This technical note provides background information about the source data and estimating methods used to produce the estimates presented in the GDP news release. The complete set of estimates for the second quarter is available on BEA's Web site at www.bea.gov; a brief summary of "highlights" is also posted on the Web site. In a few weeks, the estimates will be published in BEA's monthly journal, the *Survey of Current Business*, along with a more detailed analysis of the estimates ("GDP and the Economy").

Sources of Revision to Real GDP

Real GDP increased 1.3 percent (annual rate) in the second quarter, which was 0.3 percentage point more than last month's estimate. The upward revision to GDP primarily reflected an upward revision to personal consumption expenditures (PCE), a downward revision to imports, and an upward revision to exports.

- The upward revision to PCE was more than accounted for by PCE for services. Within PCE for services, the revision reflected upward revisions to recreation services and to electricity and gas that were partly offset by a downward revision to financial services and insurance. These revisions reflected newly available quarterly services survey data for the second quarter from the Census Bureau, newly available natural gas usage and unit value data for June and revised data for May from EIA, newly available second-quarter *Call Report* data from the FDIC, and newly available second-quarter FOCUS report data from the SEC.
- The downward revision to imports was to both goods and services and reflected revised Census goods data for June and second-quarter services data from BEA's international transactions accounts.
- The upward revision to exports was more than accounted for by services and reflected the services data from BEA's international transactions accounts.

The price index for gross domestic purchases—the prices paid by U.S. residents for goods and services wherever produced—increased 3.3 percent in the second quarter, the same increase as last month's estimate.

Corporate Profits and Gross Domestic Income

Profits from current production increased \$61.2 billion, or 3.3 percent (quarterly rate), in the second quarter. Domestic profits of financial corporations decreased \$54.2 billion, domestic profits of nonfinancial corporations increased \$80.8 billion, and rest-of-the-world profits increased \$34.6 billion.

Real gross domestic income (GDI) increased 1.3 percent in the second quarter, the same increase as GDP. GDI measures output as the costs incurred and the incomes earned in the production of GDP. In theory, GDP should equal GDI, but in practice, they can differ because they are estimated using largely independent and less-than-perfect source data.

Change in Source Data for Investment in Aircraft

Within private fixed investment in equipment, the quarterly estimates of aircraft investment have been based, in part, on the value of complete aircraft shipments from the Census Bureau's Current Industrial Report (CIR) program. The Census Bureau terminated the CIR program, and the final aircraft data through the month of July were released on September 9, 2011. As a result, beginning with the third quarter of 2011, BEA's current quarterly estimates of private fixed investment in aircraft will be based on data from the Census Bureau's Manufacturers' Shipments, Inventories, and Orders (M3) on nondefense aircraft shipments. For more information, see the FAQ on BEA's Web site, "How will the discontinuation of the Census's Current Industrial Reports affect BEA's quarterly estimates of private fixed investment in aircraft?"

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